

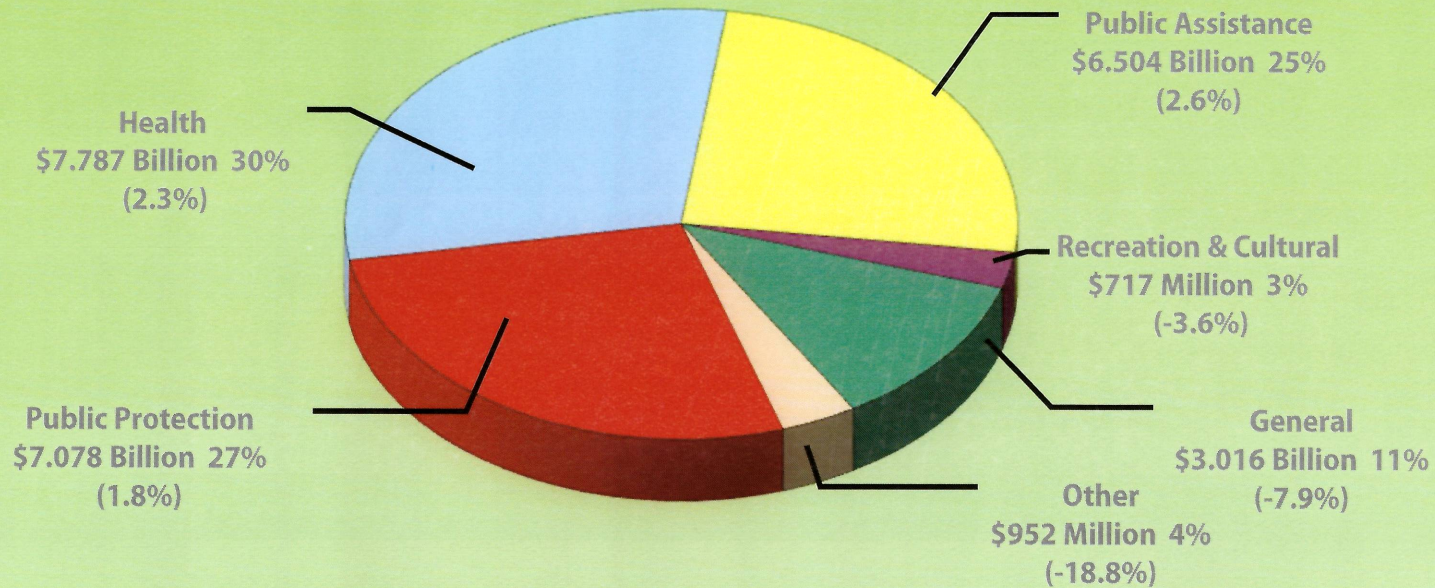
County of Los Angeles



Recommended Budget 2014-15

Submitted to the Board of Supervisors by
William T Fujioka, Chief Executive Officer
and
John Naimo, Acting Auditor-Controller

2014-15 Recommended Budget \$26.054 Billion



Fund (in Billions)	FY 2013-14 Adopted Budget	FY 2014-15 Recommended Budget	Change From Prior Year	% Change From Prior Year
Total General County	\$20.009	\$20.271	\$0.262	1.3%
Special Funds/Districts	6.090	5.783	(0.307)	-5.0%
Total Budget	\$26.099	\$26.054 *	(\$0.045)	-0.2%
Budgeted Positions	103,678	105,023	1,345	1.3%

* Does not include all year-end fund balances.

Figures in parentheses on the pie chart denote percentage change from previous year.

Focus of the 2014-15 Recommended Budget

- ✓ **Stabilizing Programs and Services**
- ✓ **Maintaining Reserves**
- ✓ **Addressing Structural Deficits in Departments**
- ✓ **Providing a Strong Foundation as We Move Forward**

Primary Drivers of Budget Changes

No NCC* Budget Gap

Unavoidable Cost Increases

\$217.3 million

Program Changes

\$92.6 million

Total Cost Increases

\$309.9 million

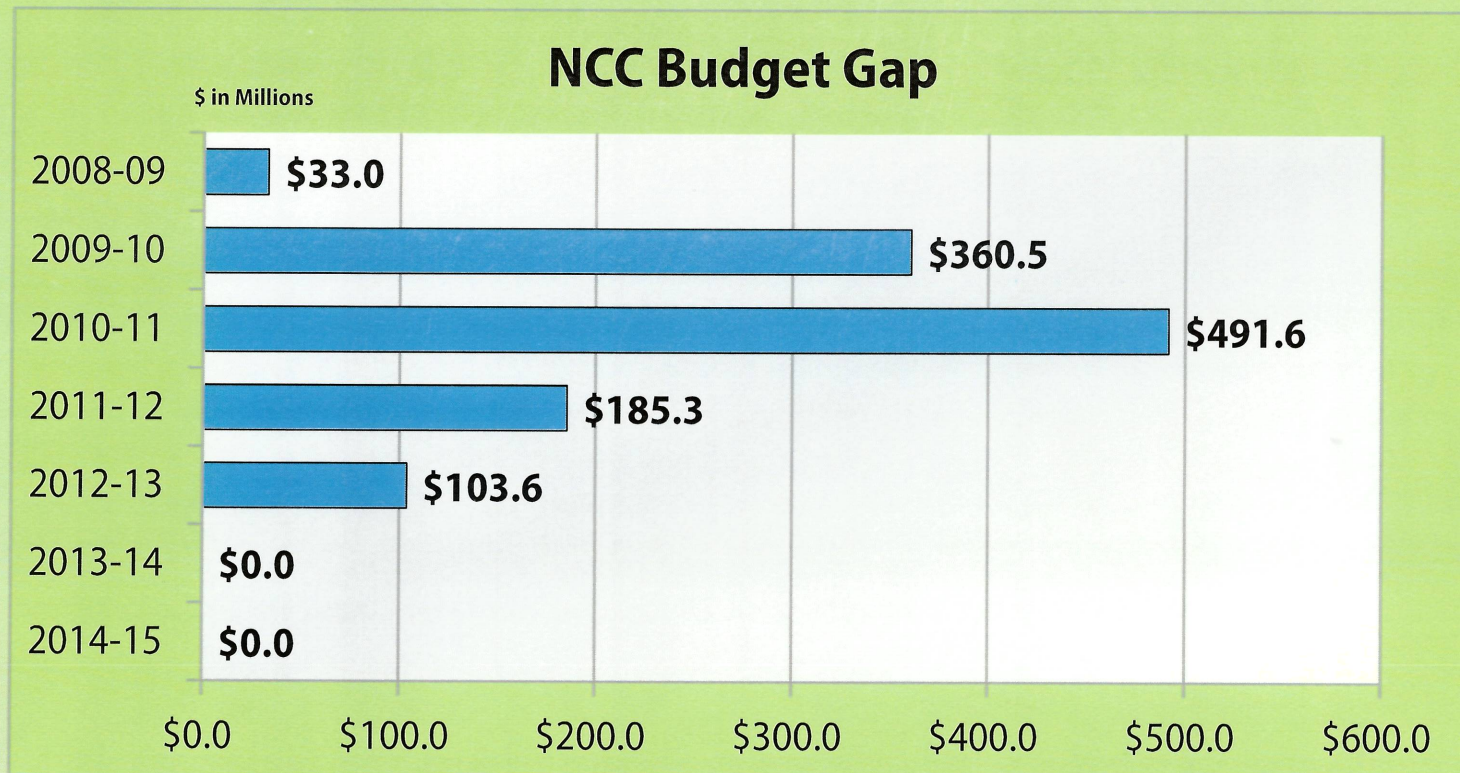
Revenue and Fund Balance Increases

\$309.9 million

*Net County Cost (NCC) is the portion of the County budget that is financed with locally generated revenues.

NCC Budget Gap History

The County has emerged from a challenging economic period and has eliminated the Budget Gap



How We Got Here and Moving Forward

Looking Back

Managed deficits through a strategic multi-year approach using:

- ✓ Structural Changes/Curtailments
- ✓ Freezes
- ✓ Efficiency Initiatives

Moving Forward

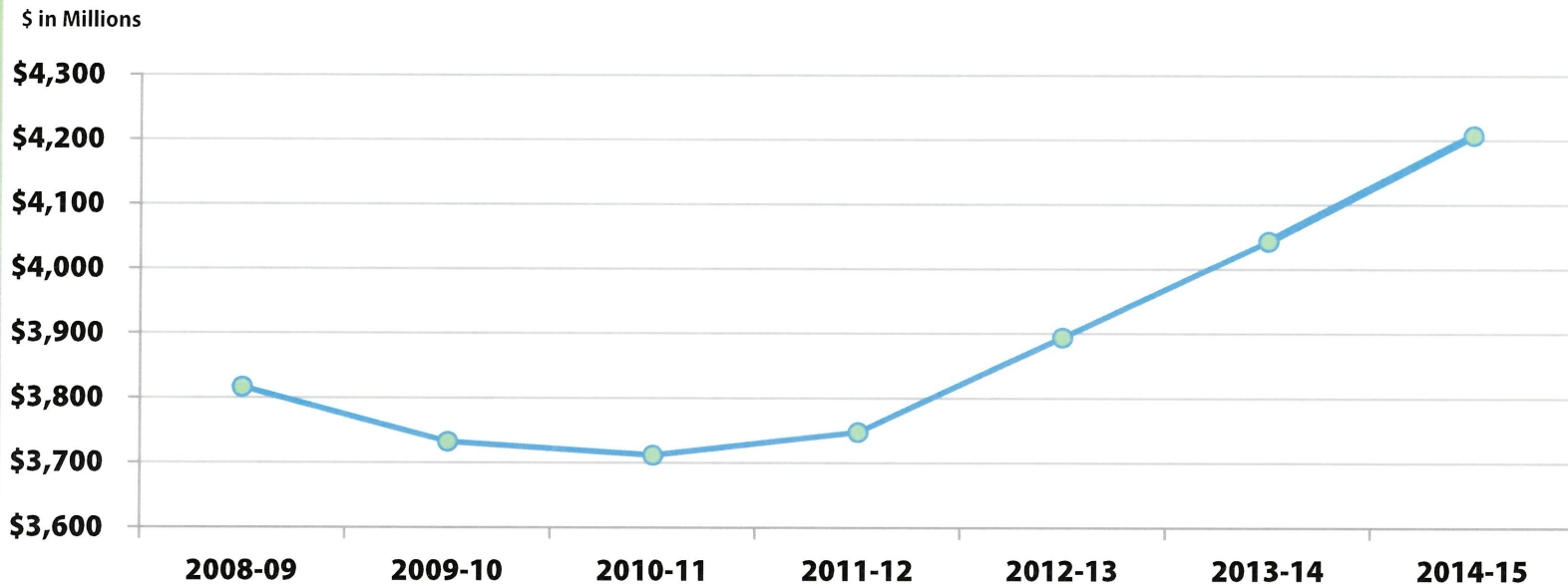
Stabilizing and building a strong foundation through:

- ✓ Strategic/Smart Measured Growth
- ✓ Selective Restoration
- ✓ Structural Changes
- ✓ Focus on IT Enhancements/Efficiencies

Economic Outlook

- ✓ **Economic indicators point toward positive growth**
- ✓ **Los Angeles County unemployment down by 2.8% from January 2013, and continues downward trend**
- ✓ **County sales tax has exceeded pre-recessionary levels**
- ✓ **Housing market is now in recovery as home values continue to increase**

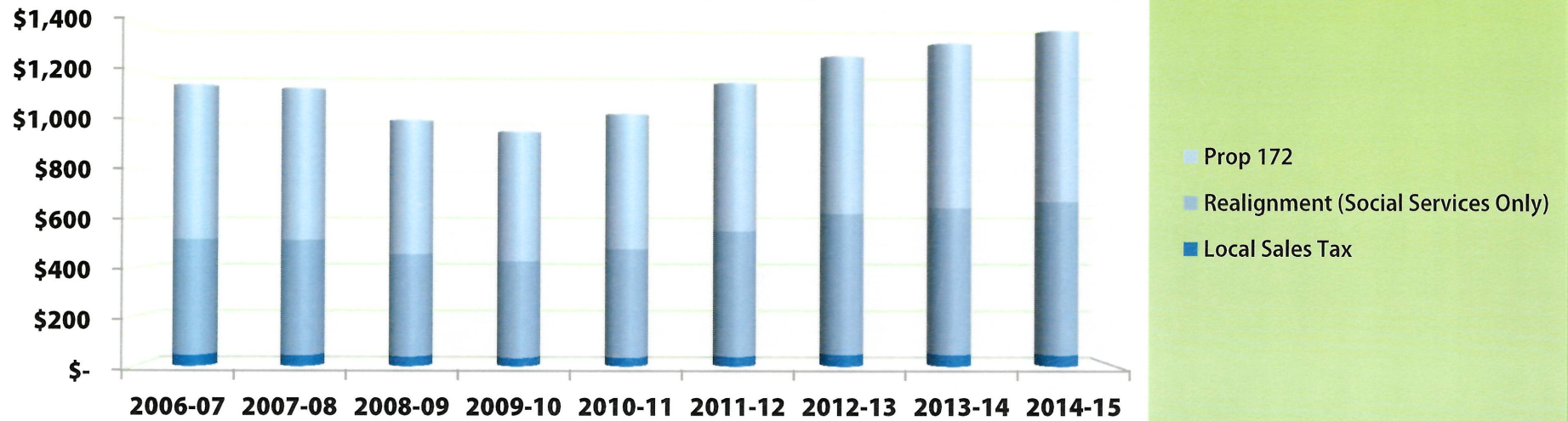
Property Taxes Projection



	Actual 2008-09	Actual 2009-10	Actual 2010-11	Actual 2011-12	Actual 2012-13	Estimate 2013-14	Recommended Budget 2014-15
Base Property Taxes							
Property Taxes (Millions)	\$ 3,816.3	\$ 3,732.5	\$ 3,711.4	\$ 3,747.5	\$ 3,893.6	\$ 4,043.0	\$ 4,207.3
Change from previous year	\$ 149.2	\$ (83.8)	\$ (21.1)	\$ 36.1	\$ 146.1	\$ 149.4	\$ 164.3
% Change from previous year	4.07%	-2.20%	-0.57%	0.97%	3.90%	3.84%	4.06%

Sales Tax Projection

\$ in Millions



	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Recommended
Sales Tax (Millions)	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Budget
Local Sales Tax	\$ 44.8	\$ 43.0	\$ 38.9	\$ 33.3	\$ 34.2	\$ 38.8	\$ 46.7	\$ 46.5	\$ 45.0
Realignment Sales Tax (Social Services Only) *	471.3	469.9	417.5	392.9	442.9	512.4	577.0	601.4	626.9
Prop 172 Sales Tax	634.2	620.5	548.7	531.7	554.1	607.0	644.7	672.8	699.7
Total	\$ 1,150.3	\$ 1,133.4	\$ 1,005.1	\$ 957.9	\$ 1,031.2	\$ 1,158.2	\$ 1,268.4	\$ 1,320.7	\$ 1,371.6
Change from previous year		\$ (16.9)	\$ (128.3)	\$ (47.2)	\$ 73.3	\$ 127.0	\$ 110.2	\$ 52.3	\$ 50.9
% Change from previous year		-1.5%	-11.3%	-4.7%	7.7%	12.3%	9.5%	4.1%	3.9%

* All growth goes to Social Services first until caseload needs are satisfied.

Recognized Financial Stability

- ✓ Standard & Poor's upgraded the County's long-term credit rating twice in the last 18 months from AA- to AA in October 2012 and then to AA+ in December 2013
- ✓ All three rating agencies assigned their highest short-term rating to the County for the 17th consecutive year in 2013-14
- ✓ Standard and Poor's calculation of the County's debt ratio as a percentage of expenditures is low at 1.8% compared to Standard & Poor's median county ratio of 6%
- ✓ Prop 13 provides a significant amount of stored value that will be realized on future tax rolls when parcels are sold

State and Federal Budget Actions

State Budget

- ✓ The Governor's proposed budget contains no significant impact to County administered programs. State budget changes will be addressed in subsequent budget phases
- ✓ Advocating for additional resources for Public Safety Realignment and unfunded mandates continues to be a County priority

Federal Budget

- ✓ The Federal budget remains uncertain. Our primary concern is the implementation and impact of the Affordable Care Act

Budget Calendar

Event	Date
Recommended Budget	April 15, 2014
Public Hearings	May 14, 2014
Budget Deliberations	June 23, 2014 until conclusion